
Michigan First Healthcare Plan Update

Janet Olszewski, Director
Department of Community Health
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Health Care Cost Driver

- Too many people do not have insurance coverage-
 - The uninsured get care in ERs and hospitals once their medical problems have become severe
 - We all pay
 - Employer premium subsidy (\$274/person and \$730/family)
 - Grant programs
 - Bankruptcies



Governor Granholm's Plan

- Making Health Care affordable and Accessible in Michigan
 - Step 1...The Michigan First Healthcare Plan
 - Step 2...Advancing Health Information Technology
 - Step 3...Promoting Healthy Lifestyles

Michigan First Healthcare Plan

- **Goals:**

- Protect and expand health care coverage
- Reduce trend in health care cost growth
- Improve business competitiveness
- Meet goals without increasing state spending

Michigan First Healthcare Plan

- **Principles:**

- No big government program
- Public/Private Partnership
- Market approach
- Promote a culture of health insurance
- Reinforce personal responsibility
- Complement employer-sponsored insurance

Michigan First Healthcare Plan Targets All Uninsured

- Under 200% FPL – 550,000, 50% of Uninsured
 - ✓ Uninsured parents and childless adults
 - Individuals with adequate access to insurance or government programs will be excluded
- Over 200% FPL – 550,000
 - ✓ Insurance Pool. Improved access to affordable insurance for small businesses – No subsidy

Michigan First Health Care Plan

Benefits

- Benefit package will include:
 - Preventive and primary care
 - Hospital care
 - Emergency room care
 - Mental health services
 - Prescription drugs
- Includes annual benefit limits

Healthy Lifestyle Components

- Intend to require health plans to incorporate education and support for lifestyle change including financial incentives.

This may include:

- Expect to ask enrollees to complete a health risk appraisal within 90 days of enrollment.
- Follow up with primary care physician.
- Waive co-pays on important maintenance drugs for chronic diseases.
- Incentives to use behavior change/wellness programs
- Set performance measures for participating health plans

Cost Sharing

- Anticipate monthly premiums below \$200
- Enrollees below 100 % of poverty subject to co-pays
- Enrollees between 100% and 200% of poverty level will participate through premium payments and co payments on a sliding scale not to exceed 5% of income

Plan Operation

- Not a Medicaid expansion
- Anticipate creation of an “EXchange” to operate this segment of the market
- Requires state legislation
- DCH and OFIS would be responsible for oversight of the EXchange to assure compliance with waiver requirements and state health insurance requirements.

Michigan First Healthcare Plan

“The EXchange”

- Select managed care plans to offer new affordable health insurance products for individuals and small businesses
- Assure that the plans selected offer products that comply with state set benefit guidelines, healthy lifestyle in values and other value purchasing requirements
- Responsible for enrollment function
- Administer Michigan First Premium subsidies for eligible enrollees
- Collect any voluntary employer contributions
- Work with small employers to sponsor insurance available through the EXchange for their employees

Cost Effectiveness

- Require managed care plans to be a delivery mechanism
- Plans will compete for enrollees on benefit design, provider network, quality, access and price
- Value based purchasing principles embedded in benefit design and plan requirements
- Healthy lifestyle Initiatives

Financing

- Amendment to existing Adult Benefit Waiver – no entitlement
- Financing builds on mechanisms already approved in that waiver
- State match to come from funds already spent by the State of Michigan on health care for the uninsured

Financing

- Federal funding would come from:
 - Federal funds Michigan has saved the federal government
 - Funds the federal government would spend in the absence of this waiver

Status

- Have met with numerous stakeholders to solicit input and help with design
- Ongoing negotiations with the Center for Medicare and Medicaid Services (CMS)
- Developing concrete implementation plans

